

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1017

Introduced by Assembly Member Ma

February 22, 2007

~~An act to amend Section 53545 of the Health and Safety Code, relating to housing. An act to add Chapter 8 (commencing with Section 50700) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1017, as amended, Ma. ~~Housing and Emergency Shelter Trust Fund Act of 2006.~~ *Affordable housing program.*

Existing law provides for various affordable housing development incentive programs.

This bill would establish the California Affordable Housing Revolving Development and Acquisition Program under the administration of the Department of Housing and Community Development for the purpose of funding projects to develop or preserve affordable housing. The bill would establish the California Affordable Housing Revolving Development and Acquisition Fund in the State Treasury and would make moneys in the fund available for the purposes of making loans authorized under the bill. The bill would require the department to issue a Notice of Funding Availability to select a private sector entity to manage the fund, including reviewing and approving loan applications, originating loans, and servicing loans. The bill would, upon appropriation by the Legislature, require the sum of \$25,000,000 to be transferred to the fund from the Affordable Housing Innovation Fund in the State Treasury.

The bill would also establish the Affordable Housing Committee in state government, consisting of the Director of Housing and Community Development, or his or her designee, and 4 additional members appointed by the Senate Committee on Rules and the Assembly Committee on Rules. The bill would establish the Affordable Housing Committee Fund in the State Treasury and would make moneys in the fund available for the purposes of making loans authorized under the bill. The bill would require the committee to manage the fund and review and approve loan applications, originate loans, and service loans. The bill would, upon appropriation by the Legislature, require the sum of \$25,000,000 to be transferred to this fund from the Affordable Housing Innovation Fund in the State Treasury.

~~Existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.~~

~~This bill would require that funds made available under the bond act for certain purposes be allocated in conformance with certain requirements, including (1) that a funded project be consistent with the general plan of the jurisdiction in which the project is located, (2) that not less than an unspecified percent of the funds allocated to the project be used to assist families of low income in achieving first-time home ownership, and (3) that priority be assigned to grant applicants who match grants with funds not made available under the bond act.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Chapter 8 (commencing with Section 50700) is*
2 *added to Part 2 of Division 31 of the Health and Safety Code, to*
3 *read:*

4
5 *CHAPTER 8. AFFORDABLE HOUSING PROGRAMS*

6
7 50700. (a) *The California Affordable Housing Revolving*
8 *Development and Acquisition Program is hereby established under*

1 *the administration of the department for the purpose of funding*
2 *projects to develop or preserve affordable housing.*

3 *(b) The California Affordable Housing Revolving Development*
4 *and Acquisition Fund is hereby established in the State Treasury.*
5 *Upon appropriation by the Legislature, moneys in the fund shall*
6 *be available for the purposes of making loans authorized under*
7 *this section.*

8 *(c) The department shall issue a Notice of Funding Availability*
9 *to select a private sector entity to manage the fund. The fund*
10 *manager shall be all of the following:*

11 *(1) A nonprofit lender based in this state.*

12 *(2) The originator and servicer of loans in the aggregate amount*
13 *of one hundred million dollars (\$100,000,000) or more per year*
14 *that are used to develop or acquire affordable housing, including*
15 *ten million dollars (\$10,000,000) or more in acquisition loans.*

16 *(3) The originator of loans in the aggregate amount of fifty*
17 *million dollars (\$50,000,000) or more using the lender's own*
18 *capital.*

19 *(4) The originator of loans in the aggregate amount of*
20 *twenty-five million dollars (\$25,000,000) or more using investor*
21 *capital, subject to oversight by lending partners.*

22 *(d) The fund manager shall review and approve loan*
23 *applications, originate loans, and service loans.*

24 *(e) Applicants may apply for loans to purchase real property*
25 *for the development or preservation of housing affordable to*
26 *low-income households.*

27 *(f) Applicants shall demonstrate all of the following:*

28 *(1) The support of the local government in which the real*
29 *property is located for the proposed development project. Support*
30 *may be demonstrated through a letter from the governing board*
31 *or the manager of the housing or community development*
32 *department.*

33 *(2) Availability of additional funds equal to three times the loan*
34 *amount.*

35 *(3) Sufficient organizational stability and capacity to carry out*
36 *the proposed development project for which the property is being*
37 *purchased. Capacity may be demonstrated by substantial successful*
38 *experience performing similar activities, or through other means*
39 *acceptable to the department.*

1 (4) Not less than five years of experience in the construction or
2 acquisition and rehabilitation of affordable housing in this state.

3 (5) Completion of not less than five housing development
4 projects during the past five years, with each project having not
5 less than 40 percent of the units sold at affordable housing cost,
6 as defined in Section 50052.5.

7 (g) The department shall adopt regulations establishing the
8 minimum criteria required of the fund manager and applicants,
9 as well as a point system for prioritizing requests in the event that
10 requests exceed the funds available for the program in any given
11 year.

12 (h) Upon appropriation, the sum of twenty-five million dollars
13 (\$25,000,000) shall be transferred to the fund from the Affordable
14 Housing Innovation Fund established under subparagraph (F) of
15 paragraph (1) of subdivision (a) of Section 53545.

16 50702. (a) The Affordable Housing Committee is hereby
17 established in state government, consisting of five members
18 appointed as follows:

19 (1) Two members shall be local elected officials who have
20 extensive backgrounds in the development of affordable housing
21 programs and shall be selected and appointed by the Senate
22 Committee on Rules.

23 (2) Two members shall be local elected officials who have
24 extensive backgrounds in the development of affordable housing
25 programs and shall be selected and appointed by the Assembly
26 Committee on Rules.

27 (3) The fifth member shall be the Director of Housing and
28 Community Development or his or her designee.

29 (b) The Affordable Housing Committee Fund is hereby
30 established in the State Treasury. Upon appropriation by the
31 Legislature, moneys in the fund shall be available for the purposes
32 of making loans authorized under this section.

33 (c) The committee shall manage the fund and shall review and
34 approve loan applications, originate loans, and service loans.

35 (d) Applicants may apply for loans to purchase real property
36 for the development or preservation of housing affordable to
37 low-income households.

38 (e) Applicants shall demonstrate all of the following:

39 (1) The support of the local government in which the real
40 property is located for the proposed development project. Support

1 *may be demonstrated through a letter from the governing board*
2 *or the manager of the housing or community development*
3 *department.*

4 (2) *Availability of additional funds equal to three times the loan*
5 *amount.*

6 (3) *Sufficient organizational stability and capacity to carry out*
7 *the proposed development project for which the property is being*
8 *purchased. Capacity may be demonstrated by substantial successful*
9 *experience performing similar activities, or through other means*
10 *acceptable to the department.*

11 (4) *Not less than five years of experience in the construction or*
12 *acquisition and rehabilitation of affordable housing in this state.*

13 (5) *Completion of not less than five housing development*
14 *projects during the past five years, with each project having not*
15 *less than 40 percent of the units sold at affordable housing cost,*
16 *as defined in Section 50052.5.*

17 (f) *Upon appropriation by the Legislature, the sum of twenty-five*
18 *million dollars (\$25,000,000) shall be transferred to the fund from*
19 *the Affordable Housing Innovation Fund established under*
20 *subparagraph (F) of paragraph (1) of subdivision (a) of Section*
21 *53545.*

22 ~~SECTION 1. Section 53545 of the Health and Safety Code is~~
23 ~~amended to read:~~

24 ~~53545. The Housing and Emergency Shelter Trust Fund of~~
25 ~~2006 is hereby created in the State Treasury. The Legislature~~
26 ~~intends that the proceeds of bonds deposited in the fund shall be~~
27 ~~used to fund the housing-related programs described in this chapter~~
28 ~~over the course of the next decade. The proceeds of bonds issued~~
29 ~~and sold pursuant to this part for the purposes specified in this~~
30 ~~chapter shall be allocated in the following manner:~~

31 ~~(a) (1) One billion five hundred million dollars (\$1,500,000,000)~~
32 ~~to be deposited in the Affordable Housing Account, which is~~
33 ~~hereby created in the fund. Notwithstanding Section 13340 of the~~
34 ~~Government Code, the money in the account shall be continuously~~
35 ~~appropriated in accordance with the following schedule:~~

36 ~~(A) (i) Three hundred forty-five million dollars (\$345,000,000)~~
37 ~~shall be transferred to the Housing Rehabilitation Loan Fund to~~
38 ~~be expended for the Multifamily Housing Program authorized by~~
39 ~~Chapter 6.7 (commencing with Section 50675) of Part 2. The~~

1 priorities specified in Section 50675.13 shall apply to the
2 expenditure of funds pursuant to this clause.

3 (ii) Fifty million dollars (\$50,000,000) shall be transferred to
4 the Housing Rehabilitation Loan Fund to be expended under the
5 Multifamily Housing Program authorized by Chapter 6.7
6 (commencing with Section 50675) of Part 2 for housing meeting
7 the definitions in paragraphs (2) and (3) of subdivision (e) of
8 Section 11139.3 of the Government Code. The department may
9 provide higher per-unit loan limits as necessary to achieve
10 affordable housing costs to the target population. Any funds not
11 encumbered for the purposes of this clause within 30 months of
12 availability shall revert for general use in the Multifamily Housing
13 Program.

14 (B) One hundred ninety-five million dollars (\$195,000,000)
15 shall be transferred to the Housing Rehabilitation Loan Fund to
16 be expended for the Multifamily Housing Program authorized by
17 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
18 used for supportive housing for individuals and households moving
19 from emergency shelters or transitional housing or those at risk of
20 homelessness. The Department of Housing and Community
21 Development shall provide for higher per-unit loan limits as
22 reasonably necessary to achieve housing costs affordable to those
23 individuals and households. For purposes of this subparagraph,
24 “supportive housing” means housing with no limit on length of
25 stay, that is occupied by the target population, as defined in
26 subdivision (d) of Section 53260, and that is linked to onsite or
27 offsite services that assist the tenant to retain the housing, improve
28 his or her health status, maximize his or her ability to live, and,
29 when possible, work in the community. The criteria for selecting
30 projects shall give priority to:

31 (i) Supportive housing for people with disabilities who would
32 otherwise be at high risk of homelessness where the applications
33 represent collaboration with programs that meet the needs of the
34 person’s disabilities.

35 (ii) Projects that demonstrate funding commitments from local
36 governments for operating subsidies or services funding, or both,
37 for five years or longer.

38 (C) One hundred thirty-five million dollars (\$135,000,000) shall
39 be transferred to the fund created by subdivision (b) of Section

1 50517.5 to be expended for the programs authorized by Chapter
2 3.2 (commencing with Section 50517.5) of Part 2.

3 ~~(D) Three hundred million dollars (\$300,000,000) shall be~~
4 ~~transferred to the Self-Help Housing Fund created by Section~~
5 ~~50697.1. These funds shall be available to the Department of~~
6 ~~Housing and Community Development, to be expended for the~~
7 ~~purposes of enabling households to become or remain homeowners~~
8 ~~pursuant to the CalHome Program authorized by Chapter 6~~
9 ~~(commencing with Section 50650) of Part 2, except ten million~~
10 ~~dollars (\$10,000,000) shall be expended for construction~~
11 ~~management under the California Self-Help Housing Program~~
12 ~~pursuant to subdivision (b) of Section 50696.~~

13 ~~(E) Two hundred million dollars (\$200,000,000) shall be~~
14 ~~transferred to the Self-Help Housing Fund created by Section~~
15 ~~50697.1. These funds shall be available to the California Housing~~
16 ~~Finance Agency, to be expended for the purposes of the California~~
17 ~~Homebuyer's Downpayment Assistance Program authorized by~~
18 ~~Chapter 11 (commencing with Section 51500) of Part 3. Up to one~~
19 ~~hundred million dollars (\$100,000,000) of these funds may be~~
20 ~~expended pursuant to subdivision (b) of Section 51504.~~

21 ~~(F) One hundred million dollars (\$100,000,000) shall be~~
22 ~~transferred to the Affordable Housing Innovation Fund, which is~~
23 ~~hereby created in the State Treasury, to be administered by the~~
24 ~~Department of Housing and Community Development. Funds shall~~
25 ~~be expended for competitive grants or loans to sponsoring entities~~
26 ~~that develop, own, lend, or invest in affordable housing and used~~
27 ~~to create pilot programs to demonstrate innovative, cost-saving~~
28 ~~approaches to creating or preserving affordable housing. Specific~~
29 ~~criteria establishing eligibility for and use of the funds shall be~~
30 ~~established in statute as approved by a $\frac{2}{3}$ vote of each house of~~
31 ~~the Legislature. Any funds not encumbered for the purposes set~~
32 ~~forth in this subparagraph within 30 months of availability shall~~
33 ~~revert to the Self-Help Housing Fund created by Section 50697.1~~
34 ~~and shall be available for the purposes described in subparagraph~~
35 ~~(D). Funds made available under this subparagraph shall be~~
36 ~~allocated in conformance with all of the following:~~

37 ~~(i) A requirement that a project funded under this subparagraph~~
38 ~~shall be consistent with the general plan of the jurisdiction in which~~
39 ~~the project is located.~~

1 (ii) ~~A requirement that not less than — percent of the funds~~
2 ~~allocated to a project be used to assist families of low income in~~
3 ~~achieving first-time home ownership.~~

4 (iii) ~~A requirement that priority be assigned to grant applicants~~
5 ~~who match grants funded under this subparagraph with funds not~~
6 ~~made available under this section.~~

7 (G) ~~One hundred twenty-five million dollars (\$125,000,000)~~
8 ~~shall be transferred to the Building Equity and Growth in~~
9 ~~Neighborhoods Fund to be used for the Building Equity and~~
10 ~~Growth in Neighborhoods (BEGIN) Program pursuant to Chapter~~
11 ~~14.5 (commencing with Section 50860) of Part 1. Any funds not~~
12 ~~encumbered for the purposes set forth in this subparagraph within~~
13 ~~30 months of availability shall revert for general use in the~~
14 ~~CalHome Program. Funds made available under this subparagraph~~
15 ~~shall be allocated in conformance with all of the following:~~

16 (i) ~~A requirement that a project funded under this subparagraph~~
17 ~~shall be consistent with the general plan of the jurisdiction in which~~
18 ~~the project is located.~~

19 (ii) ~~A requirement that not less than — percent of the funds~~
20 ~~allocated to a project be used to assist families of low income in~~
21 ~~achieving first-time home ownership.~~

22 (iii) ~~A requirement that priority be assigned to grant applicants~~
23 ~~who match grants funded under this subparagraph with funds not~~
24 ~~made available under this section.~~

25 (H) ~~Fifty million dollars (\$50,000,000) shall be transferred to~~
26 ~~the Emergency Housing and Assistance Fund to be distributed in~~
27 ~~the form of capital development grants under the Emergency~~
28 ~~Housing and Assistance Program authorized by Chapter 11.5~~
29 ~~(commencing with Section 50800) of Part 2 of Division 31. The~~
30 ~~funds shall be administered by the Department of Housing and~~
31 ~~Community Development in a manner consistent with the~~
32 ~~restrictions and authorizations contained in Provision 3 of Item~~
33 ~~2240-105-0001 of the Budget Act of 2000, except that any~~
34 ~~appropriations in that item shall not apply. The competitive system~~
35 ~~used by the department shall incorporate priorities set by the~~
36 ~~designated local boards and their input as to the relative merits of~~
37 ~~submitted applications from within the designated local board's~~
38 ~~county in relation to those priorities. In addition, the funding~~
39 ~~limitations contained in this section shall not apply to the~~
40 ~~appropriation in that budget item.~~

1 ~~(2) The Legislature may, from time to time, amend the~~
2 ~~provisions of law related to programs to which funds are, or have~~
3 ~~been, allocated pursuant to this subdivision for the purpose of~~
4 ~~improving the efficiency and effectiveness of the program, or for~~
5 ~~the purpose of furthering the goals of the program.~~

6 ~~(3) The Bureau of State Audits shall conduct periodic audits to~~
7 ~~ensure that bond proceeds are awarded in a timely fashion and in~~
8 ~~a manner consistent with the requirements of this subdivision, and~~
9 ~~that awardees of bond proceeds are using funds in compliance with~~
10 ~~applicable provisions of this subdivision. The first audit shall be~~
11 ~~conducted no later than one year from voter approval of this part.~~

12 ~~(4) In its annual report to the Legislature, the Department of~~
13 ~~Housing and Community Development shall report how funds that~~
14 ~~were made available pursuant to this subdivision and allocated in~~
15 ~~the prior year were expended. The department shall make the report~~
16 ~~available to the public on its Internet Web site.~~

17 ~~(b) Eight hundred fifty million dollars (\$850,000,000) shall be~~
18 ~~deposited in the Regional Planning, Housing, and Infill Incentive~~
19 ~~Account, which is hereby created in the fund. Funds in the account~~
20 ~~shall be available, upon appropriation by the Legislature, and~~
21 ~~subject to such other conditions and criteria as the Legislature may~~
22 ~~provide in statute, for the following purposes:~~

23 ~~(1) For infill incentive grants for capital outlay related to infill~~
24 ~~housing development and other related infill development,~~
25 ~~including, but not limited to, all of the following:~~

26 ~~(A) No more than two hundred million dollars (\$200,000,000)~~
27 ~~for park creation, development, or rehabilitation to encourage infill~~
28 ~~development.~~

29 ~~(B) Water, sewer, or other public infrastructure costs associated~~
30 ~~with infill development.~~

31 ~~(C) Transportation improvements related to infill development~~
32 ~~projects.~~

33 ~~(D) Traffic mitigation.~~

34 ~~(2) For brownfield cleanup that promotes infill housing~~
35 ~~development and other related infill development consistent with~~
36 ~~regional and local plans.~~

37 ~~(c) Three hundred million dollars (\$300,000,000) to be deposited~~
38 ~~in the Transit-Oriented Development Account, which is hereby~~
39 ~~created in the fund, for transfer to the Transit-Oriented~~
40 ~~Development Implementation Fund, for expenditure, upon~~

1 appropriation by the Legislature, pursuant to the Transit-Oriented
2 Development Implementation Program authorized by Part 13
3 (commencing with Section 50560).

4 (d) ~~Two hundred million dollars (\$200,000,000) shall be~~
5 ~~deposited in the Housing Urban-Suburban-and-Rural Parks~~
6 ~~Account, which is hereby created in the fund. Funds in the account~~
7 ~~shall be available upon appropriation by the Legislature for~~
8 ~~housing-related parks grants in urban, suburban, and rural areas,~~
9 ~~subject to the conditions and criteria that the Legislature may~~
10 ~~provide in statute. Funds made available under this subparagraph~~
11 ~~shall be allocated in conformance with both of the following:~~

12 (1) ~~A requirement that a project funded under this subdivision~~
13 ~~shall be consistent with the general plan of the jurisdiction in which~~
14 ~~the project is located.~~

15 (2) ~~A requirement that priority be assigned to grant applicants~~
16 ~~who match grants funded under this subdivision with funds not~~
17 ~~made available under this section.~~